

DOCUMENT RESUME

ED 268 631

EA 018 347

AUTHOR Arnold, Robert L.; And Others
TITLE The Illinois General Purpose Grant-in-Aid System, 1973-1985. Revised.
INSTITUTION Illinois State Univ., Normal. Center for the Study of Educational Finance.
SPONS AGENCY Illinois School Problems Commission, Springfield.; Illinois State Univ., Normal. Graduate School.
PUB DATE 85
NOTE 33p.
AVAILABLE FROM Center for the Study of Educational Finance, Dept. of Educational Administration and Foundations, De Garmo 331, Illinois State University, Normal, IL 61761 (\$2.00 prepaid).
PUB TYPE Reports - Descriptive (141)
EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Educational Finance; Elementary Secondary Education; *Equalization Aid; *Finance Reform; Grants; *State Aid; State Legislation; State Programs
IDENTIFIERS Funding Formulas; *Illinois

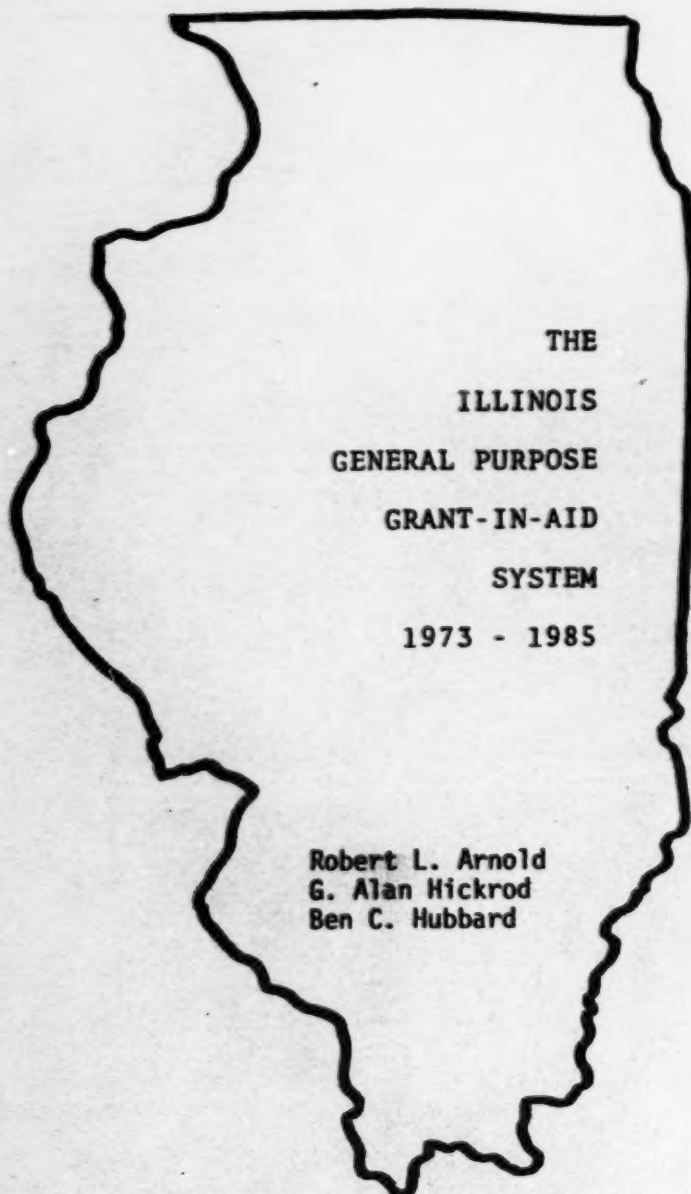
ABSTRACT

The system used in Illinois for financing public education underwent major reform in 1973. At that time four alternative formulas for determining equalization aid levels were established. In 1980 three of these formulas were eliminated and only a modified version of the Resource Equalizer formula remains in use. This report provides an overview of some of the changes that have been made in this formula since its introduction in 1973. Six concerns that the Illinois financing reforms have attempted to address are noted, including student equity, taxpayer equity, local control, areas of high poverty, equitable treatment for districts of different types, and adequate dollar levels for state funding. Three factors built into the Resource Equalizer formula are also clarified: pupil attendance, assessed valuation, and tax rate. The formula itself is presented, and the three alternative formulas available prior to 1980, including the Strayer-Haig Equalization Formula, are also shown. Appendixes include a display of the impact of the grant-in-aid system on state educational finance from 1977 to 1986, amendments to formulas as of 1980, and a selected bibliography.

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Revised 1985

EA 018 347

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THE ILLINOIS GENERAL PURPOSE GRANT-IN-AID SYSTEM

1973-1985

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I. Background

This monograph will provide students of school finance with a brief sketch of the history of the 1973 Resource Equalizer formula which has been utilized as the Illinois general purpose grant-in-aid system. There is no implication that this brief document contains all of the answers or, for that matter, any answers that a discerning student may require for a fuller understanding of grant-in-aid systems of school finance. Rather, the monograph should provide an historical perspective for the student, how the state's funding system evolved in terms of mechanics, and, focus on where Illinois' general purpose school financing is now, and the present school funding legislation. The timeliness of this monograph is evident in the recent "sunset" provision in the 1985 Reforms, for the Resource Equalizer formula.

The student who wishes to delve further into the various factors involved in the long and complicated life of the 1973 financing reform will find several doctoral dissertations on the subject by Walter Bishop, Gene Hoffman, and Suzanne Langston. These are not the only ones available, but they deal with the formula, its development, and its application. There are also a series of studies published by the Center for the Study of Educational Finance at Illinois State University, known popularly as the "monitoring series," which cast further light on the equity effects of the Resource Equalizer formula. Some of these studies are cited in the bibliography section at the conclusion of this monograph (Appendix D).

In reading the doctoral research and the Center's studies, one will be able to examine the political activity that surrounded the formula's development as well as the social and economic circumstances that were evident at the time of each evolutionary change in the formula. The condition of the state's economy from 1974 to 1976 for example, reportedly played a large part in the 1976 school funding amendments. Political, social, and economic factors were integral parts of a larger sphere of interrelated problems and human concerns. No attempt should be made to isolate one aspect and point to it as the root of the faults extant in the Illinois funding system. The interaction must be examined in a holistic fashion in order to gain a full understanding of Illinois school finance.

The student of Illinois school finance is also encouraged to examine the biennial reports of the late Illinois School Problems Commission as an added resource for understanding the multifaceted nature of school finance legislation. Through an examination of the public testimony gathered and recorded by this agency of the Illinois legislature, one can get a flavor of the myriad issues and concerns people were raising statewide over almost 40 years of Illinois history. If one were to follow these issues and concerns over the life period of the 1973 finance reform, horizons

would be expanded over the larger set of variables that have impinged, and in various ways impacted upon the decisions made by Illinois' elected officials. The detailed handbooks published by the State Board of Education under the direction and supervision of Assistant Superintendent Fred Bradshaw are also a mine of information on Illinois school finance.

As one examines the changes which have occurred in the 1973 reform, one comes to realize that any change in the formula produces a variety of results, depending upon the conditions and circumstances of the time. In addition, no change can ever be suspected of being the perfect or final solution because calculated changes even at their best are still based upon contemporary information or guesses about future circumstances.

Anticipatory thinking may mitigate "brush fire" approaches to decision-making, but careful anticipatory thinking is a luxury not often found in today's decision-making arena, where problems must be solved immediately. Deadlines or crisis-driven thinking do not allow careful deliberation and simulation before changes are made, and the subsequent ramifications of formula changes sometimes surprise even the best well-intentioned interests.

Analysis of the changes in the 1973 Resource Equalizer formula requires careful scrutiny to determine exactly what change meant to different state regions, different legislative districts, and different types of the school districts (Elementary, High School, and Unit). No change can or will ever mean the same thing or have the same consequences for every region or type of district. Students of Illinois school finance may be able to extrapolate from this monograph how changes that were enacted for the funding formula affected various dimensions of Illinois' educational program and draw their own conclusions as to what actually happened to the formula through the changes.

II. The Illinois General Purpose Grant-In-Aid System 1973-1980

The updating of this monograph is an opportunity to explain some of the intricacies of the various funding methods, and present them in primarily an historical perspective. In 1980, amendments removed all funding options from Illinois grant-in-aid funding except for the Resource Equalizer formula. With the 1980 legislation, all school districts were phased into full access to the formula, and this was accomplished by 1983. One very important provision of the 1980 amendments was the final elimination of the so-called "reward for effort" provision of the 1973 reform. The abolition of this aspect of the formula converted the variable tax rates in the formula to constant tax rates, effective in Fiscal Year 1982. Illinois experimented with "reward for effort" for a seven-year period, 1973-1980, before finally dropping the concept. This is important since there are those now who wish to revive the concept in a "two tier" type of formula.

In addition to the FY 82 "tax rate constancy factor," the 1980 amendments changed the guaranteed assessed valuations, effective FY 81. The values have been subject to changes which have been dependent upon appropriations and concomitant prorations. A so-called "foundation support level" has evolved which is the constant tax rate multiplied by the state's General State Aid guaranteed assessed valuation. This makes the current formula look like a Strayer-Haig foundation system, but it is not a "classic" Strayer-Haig model since the tax rates are not "mandated" charge-backs which all districts must levy.

In order to bring all districts under the Resource Equalizer formula, the flow of state aid to property wealthy districts was handled in a different fashion by the 1980 amendments. Property wealthy districts received their state aid on the basis of an alternate method of computation, either 13 percent of the "foundation support level," scaled by equalized assessed valuations, or a flat grant method, 7 percent of the support level irrespective of equalized assessed valuations.

Proration of the foundation level has posed a problem in Illinois funding since the 1973 reform was enacted. In order to deal with this, the 1980 amendments established a proration process. Under this measure, prorations were applied to the guaranteed valuation levels and each district's claim was treated individually instead of being subjected to unilateral percentage proration.

In order to provide a replacement for the funding that was provided by the (abolished) corporate personal property tax, an additional factor was placed in the formula. Replacement funding was based upon equalized assessed valuation that was equivalent to the amount that the school district had relied upon from the corporate personal property tax.

As has been revealed by various studies which examined the 1973 reform and the 1976, 1978, 1979, and 1980 amendments, no change has been permanent and no solution is ever the final solution. The changes which were brought about by the reform resulted from lengthy deliberation and from the input offered by a variety of special interests. Changes did not occur overnight. Studies by the Center for the Study of Educational Finance have pointed out that the 1973 formula did not work as it was intended especially after the first amendments in 1976. Amending occurred in a period in Illinois when the search for the elusive goal of student equity was close to being realized.

The role of the state in school funding can be traced through time by consulting the State Board of Education's annual publication, State, Local & Federal Financing for Illinois Public Schools. Published every fall, it contains a great deal of information about the State's role in financing public education. The most recent of these publications is for the 1984-85 fiscal year.

These reports span the entire life of the 1973 reform and provide additional information on formula and foundation levels.

III. Five Values Reflected in the Illinois Funding System

The 1973 reform legislation and the amendments reflect gradual changes in political values in Illinois--similar to the rest of the nation. Political values vary, not only with time, but also with citizens and legislators. In the original 1973 legislation and in the amending process during the period from 1976 to 1980, at least five political values in school funding and possibly a sixth became evident. The values were evident to varying degrees in the funding system when one examined the paths taken and the choices made to bring the Illinois grant-in-aid system to its present state.

Student Equity. The Illinois funding system has been concerned with student equity. However, with the advent of Serrano v. Priest, that concern became even greater and was made a part of the 1973 funding reform in the form of the Resource Equalizer formula. The results of the formula's impact on school finance and equity has been monitored carefully by the Center for the Study of Educational Finance since the 1973 reform was enacted. The time-series analysis has shown that student equity was a major thrust of this reform. Until 1976 and the first amending legislation, the movement toward student equity was making progress. At the same time the increased emphasis upon student equity was taking place, consideration of taxpayer equity was taking place. Taxpayer inequity became a concern when it was apparent that taxpayers in different school districts were paying similar amounts in local taxes but garnering dissimilar amounts of educational services for their students.

Taxpayer Equity. Unfortunately, taxpayer equity may have helped to ensure that student equity would always remain an elusive goal. It was nearly impossible for the goals of student equity and taxpayer equity to be achieved simultaneously as one goal suffered in order for the other to be attained. Some would suggest that the failure to reach student equity goals resulted from overemphasis upon taxpayer equity goals in the form of tax relief legislation. Simply put, broad-form tax relief was incompatible with equitable educational opportunity. Emphasis on the tax issues was demonstrated by the fact that many of the amendatory changes were aimed toward taxpayer relief.

Local Control. Local control is indeed important to the Boards of Education of local school districts in Illinois. The changing number of Illinois public school districts from approximately 12,000 to approximately 1,000 frustrated the sentiment for local control. The school consolidation process in Illinois has been an emotional and problematic situation since the early 1900s. As the state economy generated fewer and fewer dollars for education, the

issue of local control was compromised as special interests were forced to face the state's inability to support small local schools.

The time has come for state school finance to be viewed not as an isolated financing problem, but as a part of a larger system of total governmental finance. Educational planning viewpoints have expanded to encompass the good, of poor as well as rich, public school students in Illinois. Regionalism and fractionalism will be pushed aside in the competition for scarce resources by the diminishing number of school districts in Illinois. Parochial interests have been counterproductive in the total sphere of K-12 funding which the state is constitutionally mandated to support.

School finance operates in a larger system of state finance which in turn operates in an even larger system of federal finance. The interdependency of relationships means that change in one part of a system results in changes to the other systems. The changes may be planned or unplanned and the consequences anticipated or unanticipated. Changes do not take place in isolation, and school finance legislation is inextricably tied to other aspects of the state's funding systems. For the good of each and every school-age child in Illinois, educational funding is now viewed as a statewide venture and not just as a local matter.

Poverty Impacted Areas. Illinois has provided national leadership in the area of special financial aid for poverty impacted areas. Concern for the children in Illinois' poverty areas was present before the 1973 reform, but was given additional emphasis under that reform. The Resource Equalizer formula takes into account the ratio of local percent of disadvantaged children to the state percent of disadvantaged children in order to weight the pupil attendance factor in the formula. The formula was designed to provide funds to all types of school districts. The disadvantaged children (now Chapter 1) weighting aspect of the formula may be, from a national perspective, the most important remaining part of the 1973 reform. The loss of middle class children in the central cities through migration to suburbs causes the poverty impactation factor to increase resulting in a greater flow of state aid. Unfortunately, this has not worked as well as intended in 1973 because the General Assembly has weakened that weighting factor in the formula since 1973.

Equitable Treatment for Different District Types. This was an important political consideration in the 1973 reform and it remains so today. The original intent of the reform legislation was to provide elementary and high school districts with state funds comparable to unit districts. This factor relates to the issue of local control. The issue was addressed in 1979 by Public Act 81-79 (Illinois House Bill 0513) which gave fiscal advantage to districts that consolidated or merged. The legislation allowed supplemental claims for state aid to be filed for "any newly

organized school district, any district that annexed a district or any portion of a district, and any district that had a detachment of territory." The relatively large number of districts in Illinois is in part a result of the dual-district configurations and the three types of districts in Illinois remain an obstacle to equitable funding through the present formula.

Adequate Dollar Level of State Funding. This "adequacy" consideration has become increasingly important in the economic and political arena. The major push behind the reform of 1973 was equity oriented, but "adequacy" and "equity" are not necessarily the same goals.

Wealth distribution is a problem in any state funding formula but especially troublesome in Illinois with Chicago and the suburbs at one end of the economic continuum and rural Southern Illinois at the other end. One of the goals of the Resource Equalizer was to have equalized wealth resources among district types and among regions of the state, but it has proved to be an elusive goal.

"No Losers". An important value in the Illinois legislative process and one that influenced the 1973 reform was the "no losers" qualification. It has been suggested that political unwillingness to take state aid money away from any district makes it difficult to achieve the equity goal. Until such time as the legislature is willing to wrestle with this problem and concern itself with wealth redistribution, regional differences will influence the quality of education students receive. State decision-makers need to take notice of this condition and erase regional differences or the funding mechanism will become the subject of court litigation. The circumstances which lead California's Serrano decision may be replicated in Illinois and be successfully challenged. When a "no losers" rule is adhered to, it becomes very expensive for the state to achieve equity goals. Enough funds must be present for all to gain, and for the poor to gain more than the rich. "Leveling up" may be the only politically possible goal but it will require sizeable increases in state funds.

IV. Subsequent Reform Legislation

The 1973 General Assembly of the State of Illinois passed into law House Bill 1484 which represented a consensus about the expenditures of state dollars for public education. HB1484 had goals of student equity, local control, equitable treatment for dual and unit districts, and, it dramatically increased the amount of money the state contributed toward education.

The 1973 legislation protected Illinois schools from revenue loss through a choice of four methods for calculating state aid: Resource Equalizer, Strayer-Haig, Alternate Method, and Flat Grant. These options were available to school districts until 1980, to maximize entitlement through the general state aid

formula, when amendments then did away with all but the Resource Equalizer.

The Resource Equalizer formula was a form of District Power Equalization but was not a true DPE formula because that would have required a recapture of tax monies from affluent districts. The concept has never been acceptable. The reward for effort aspect of the earlier formula allowed affluent districts to increase tax rates and exploit the formula to their advantage.

The original 1973 legislation contained the rollback provision of a modified DPE but that aspect was abolished in the 1976 Jaffe Amendments. That action had the effect of increasing the dollars to low-spending districts while not restricting the spending of the higher spending, affluent districts. Once again, this was the "no losers" concept in action. Unfortunately there were losers, since the affluent districts made gains that the less affluent never achieved. Both received similar grants-in-aid but had vastly different local resources available to them.

Until the Resource Equalizer became the only formula utilized by Illinois school districts (in 1980), the state computed the amount of each school district's grant-in-aid by each of the four methods. This was the penultimate attempt to ensure that no one was a loser, state funding-wise. However no district was allowed to receive more than 135 percent of its previous entitlement in any given year, regardless of what the state formula provided.

Until the 1980 amendments, the actual grant for any Illinois district was the lesser of two items (1) the greater of the results of the four calculations, Strayer-Haig plus 75 percent, Alternative Method plus 75 percent, Flat Grant plus 75 percent, or the Resource Equalizer, or (2) 135 percent of the previous year's actual claim.

V. Resource Equalizer Funding System

Illinois' general purpose grant-in-aid system was known by its fourth option, Resource Equalizer in the 1970s, a reward for effort formula not a District Power Equalization system. Illinois, by implementing the 1976 amendment which repealed the tax roll-back, increased the general purpose funds to low-spending districts, without restricting the spending of any district. It did not result in gains in total dollars for all districts.

The original Resource Equalizer Formula contained three factors: pupil attendance (a measure of size), assessed valuation (a measure of wealth), and tax rate (a measure of local effort).

- A. Pupil Attendance - The Formula utilized regular program attendance data and Title I student data (the number of children ages give to seventeen for whom the district received federal

aid under Title I of the Elementary and Secondary Act). School districts with a concentration of Title I pupils above the state average (and with a total pupil attendance of 1,000 or more) submitted a plan for the expenditure of the additional funds generated by the Title I count. The pupil attendance data was averaged over the district's school year attendance days (ADA).

B. Assessed Valuation - The Formula utilized the school district real estate property assessment value behind each average pupil attendance unit and subtracted it from a guaranteed assessed valuation amount per ADA unit.

C. Tax Rate

1. The formula provided funding at a level that matched the district's operating tax rate. With the 1979 Stuffle amendments, the district tax rate applied to elementary districts with rates lower than \$1.28 per \$100 of assessed valuation, and to unit districts with rates lower than \$2.18 per \$100 of assessed valuation. All other districts received state aid at the guaranteed rates if their actual rates equaled or exceeded the guarantees in a three-year phase-in plan of their own tax rate to the guaranteed rate.
2. The guaranteed tax rate yielded combined state and local revenue in the original formula of approximately \$1363 per ADA unit.
3. Accordingly two districts of similar type with the same tax rate received the same amounts in state and local revenue per pupil. (It was also possible to raise additional local funding with higher tax rates.)

The Resource Equalizer Formula

$G = TWADA \times T \times (AV_S - AV_I)$ where

G = The state general purpose grant-in-aid entitlement.
 $TWADA$ was the Title I weighted average daily attendance, calculated according to this formula:

$$TWADA = WADA_I + TI_I \left[\frac{\frac{TI_I}{WADA_I}}{\frac{TI_S}{WADA_S}} \right] .53 \text{ where}$$

TI = Title I count; the number of children (5-17) receiving aid for families with dependent children
 Maximum value of weighting in parentheses is .625.

$WADA$ = The average daily attendance of the district weighted for high school students (1.25); kindergarten students (.50), 7th-8th grade students (1.05).

I = Individual district subscript

S = State subscript

T = Originally this was the district operating tax rate which was the total tax rate less the tax rate for bond and interest (except for a .05) percent limit on Fire Prevention, Safety, Environmental and Energy bonds and a .05 percent limitation on working cash bonds), vocational education construction, summer school, and capital improvements. The operating tax rate did not originally include the transportation fund tax rate in the 1973 formula. The Bradley amendments incorporated the transportation tax rate in the formula. After 1980 these rates became constants and in 1984-85 were:

\$2.76/\$100 assessed valuation for unit districts
 \$1.90/\$100 assessed valuation for elementary districts
 \$1.10/\$100 assessed valuation for high school districts

The minimum rates for participation in the formula are:

\$1.28/\$100 assessed valuation for elementary districts

\$2.18/\$100 assessed valuation for unit districts

A district taxing below these rates must use its own operating tax rate to calculate state aid.

AV_S is the state guaranteed assessed valuation per TWADA

\$68,099 for unit districts

\$104,658 for elementary districts

\$180,773 for high school districts

AV_I is the district actual assessed valuation per TWADA.

Appendix A presents in table form the RE formula from 1977-78 to 1985-86.

The funding legislation responded to the needs and political values of many types and sizes of school districts throughout the state from 1973 to the present. It did not initially offer much for rural districts which now benefit somewhat by the inclusion of the transportation tax rate in calculating operating tax rate.

The following three options were available to school districts before the 1973 reform.

VI. Strayer-Haig System

The Strayer-Haig formula dated back to 1927 and had been modified many times through the years. The Strayer-Haig formula had two modifications in the 1973 legislation - a Title I weighting in the pupil count and an increase in the add-on from 19 percent of the formula to 25 percent of the formula. The add-on factor was changed to 50 percent by the 1978 General Assembly, and to 75 percent by the 1979 Assembly. The Title I weighting of the Resource Equalizer formula was not utilized in the Strayer-Haig formula, but $.50 \times$ Title I count was added to weighted average daily attendance in the formula.

Strayer-Haig Formula

$G = TWADA \times F - (T \times AV)$, where

G = State Grant-In-Aid Entitlement

$TWADA = \text{District Title I Eligibles} \times .50 + WADA$

WADA = Average daily attendance weighted 1.25 for high school students and .5 for kindergarten students

F = Foundation Level of \$520

T = Qualifying Operating Tax Rate:

\$1.08/\$100 for unit districts

0.90/\$100 for dual districts with less than 100

WADA

0.84/\$100 for dual districts with 100 or more

WADA

AV = District Assessed Valuation

Alternate Method. The Alternate Method formula, applicable only to districts receiving less than \$120 per TWADA, was:

$G = (AV_S \div AV_I / TWADA) \times \$120 \times TWADA$, where

$AV_S = \$47,619$ for dual districts with 100 or more
TWADA

$\$44,444$ for dual districts with less than 100
TWADA

$\$37,037$ for unit districts

Flat Grant. The Flat Grant formula was:

$TWADA \times \$48.00$

Notice that the Alternate Method and the Flat Grant were options to the Strayer-Haig system and that TWADA was calculated according to the Strayer-Haig Method.

Tax equivalent grants to a very few districts where State institutions were located were omitted from the State grant-in-aid system in 1981.

Prognosis:

In October of 1985, the Center recommended to Superintendent Sanders that the Illinois general grant-in-aid formula be restated

in Strayer-Haig terms in the following fashion:

Unit	G = 1951.94 TWADA - .0276 Equalized Valuations
High Schools	G = 1951.94 TWADA - .0110 Equalized Valuations
Elementaries	G = 1951.94 TWADA - .0190 Equalized Valuations

This will accomplish two things: 1) it will demonstrate a clear break from the principles of the 1973 formula (which actually occurred in 1980); 2) it will be easier to develop a "second tier" containing a return to reward for effort principles if that is the wish of the General Assembly. Exploration of a two tier system was recommended by the Center in 1977. (See G. Alan Hickrod and Ben C. Hubbard, Return to the "Two Tier" Funding Notion in Illinois, Normal, IL: Center for the Study of Educational Finance, Illinois State University, 1977.) Unfortunately, however, there is no clear consensus on whether Illinois should again experiment with reward for local effort, a principle which was built into the grant-in-aid system from 1973 through 1980. A good review of the policy argument for and against reward for local effort is contained in Hickrod, Chaudhari, and Hubbard, Reward for Effort in Illinois School Finance, 1978, Center for the Study of Educational Finance, Illinois State University. If reward for local effort is totally rejected, then there is no need for a second tier to the formula. Reward for local effort is of great benefit to suburban districts with heavy public school populations and little commercial and industrial valuation, e.g., residential suburbs. Realistically, therefore, if reward for local effort returns to Illinois, it will likely be in the form of a political package deal in which the suburbs get reward for local effort back again, and the rural and urban districts get other factors of use to them, e.g., an income factor, a different poverty weighting, etc., etc. The discussion of these political trade-offs is beyond the scope of this monograph.

APPENDICES

APPENDIX A
THE ILLINOIS GENERAL PURPOSE GRANT-IN-AID SYSTEM
RESOURCE EQUALIZER FORMULA

		1977-1978	1978-1979	1979-1980	1980-1981
Guaranteed Equalized	Elem.	\$66,300.00	\$69,516.00	\$73,280.00	\$78,733.33
Assessed Valuation	H.S.	\$120,000.00	\$123,143.00	\$129,810.00	\$139,470.47
Pupil Weighted ADA Pupil	Unit	\$43,500.00	\$45,689.00	\$48,163.00	\$51,746.99
Maximizing Operating	Elem.	\$1.90/\$100 AV*	\$1.86/\$100 AV*	\$1.86/\$100 AV*	\$1.86/\$100 AV
Tax Rate for	H.S.	\$1.05/\$100 AV*	\$1.05/\$100 AV*	\$1.05/\$100 AV*	\$1.05/\$100 AV
Full Access	Unit	\$2.90/\$100 AV*	\$2.83/\$100 AV*	\$2.83/\$100 AV*	\$2.83/\$100 AV
Foundation Level		\$1,260.00	\$1,293.00	\$1,363.00	\$1,464.44
Proration		88.921726%	98.697623%	99%	
Title I Weighting Factors Min./Max.		.375/.75	.45/.675	.50/.675	.50/.675
Total State K-12 Appropriation		\$1,290,200,000	\$1,359,700,000	\$1,419,126,900	\$1,495,071,300
ADA Weighting Factor	K	0.50	0.50	0.50	0.50
	1- 6	1.00	1.00	1.00	1.00
	7- 8	1.00	1.00	1.00	1.00
	9-12	1.25	1.25	1.25	1.25

*Access to these OTRs was limited to the lesser of the computed amount of 35% more than the 1976-77 actual claim amount.

*Access to these OTRs was limited to the lesser of the computed amount of 35% more than the 1977-78 actual claim amount.

*Full access to these OTRs was phased in by thirds over the 1980 to 1982 fiscal years

THE ILLINOIS GENERAL PURPOSE GRANT-IN-AID SYSTEM

RESOURCE EQUALIZER FORMULA

1981-1982	1982-1983	1983-1984	1984-1985	1985-1986	
\$84,002.15	\$87,246.31	\$92,244.21	\$96,913.00	\$104,658.00	K-8
\$148,803.89	\$150,698.18	\$159,330.90	\$167,395.00	\$180,773.00	9-12
\$55,209.89	\$56,769.86	\$60,021.91	\$63,060.00	\$68,099.00	K-12
\$1.86/\$100 AV	\$1.90/\$100 AV	\$1.90/\$100 AV	\$1.90/\$100 AV	\$1.90/\$100 AV	K-8
\$1.05/\$100 AV	\$1.10/\$100 AV	\$1.10/\$100 AV	\$1.10/\$100 AV	\$1.10/\$100 AV	9-12
\$2.83/\$100 AV	\$2.92/\$100 AV	\$2.92/\$100 AV	\$2.92/\$100 AV	\$2.92/\$100 AV	K-12
\$1,562.44	\$1,657.68	\$1,752.64	\$1,841.35	\$1,951.54	
.53/.65	.53/.625	.53/.625	.53/.625	.53/.625	
\$1,516,965,300	\$1,418,258,800	\$1,437,000,000	\$1,476,110,600	\$1,676,110,600	
0.50	0.50	0.50	0.50	0.50	K
1.00	1.00	1.00	1.00	1.00	1-6
1.05#	1.05	1.05	1.05	1.05	7-8
1.25	1.25	1.25	1.25	1.25	9-12

#Actual was 1.0118.

APPENDIX B

THE RESOURCE EQUALIZER FORMULA AS AMENDED IN 1980

$$G = TWADA \times T \times (AV_S - AV_I / TWADA), \quad \text{where}$$

G was the state aid entitlement

TWADA was the Title I Weighted Average Daily Attendance**

T was the district operating tax rate

Full access to the formula required these tax rates:

\$1.86/\$100 assessed valuation for elementary districts

\$1.05/\$100 assessed valuation for high school districts

\$2.83/\$100 assessed valuation for unit districts

If elementary or unit districts' operating tax rates were less than the full access rates, then the following applied:

Elementary districts with an operating tax rate of \$1.28/\$100 assessed valuation used the 1978 operating tax rate plus two-thirds of the difference between their operating tax rate and \$1.86/\$100 AV.

Unit districts with an operating tax rate of \$2.18/\$100 assessed valuation used the 1978 operating tax rate plus two-thirds of the difference between their operating tax rate and \$2.83/\$100 AV.

AV_S was the state guaranteed assessed valuation per TWADA:

\$51,747 for unit districts

78,733 for elementary districts

139,470 for high school districts

These guaranteed amounts generated a \$1,464.44 foundation level.

AV_I was the assessed valuation divided by the TWADA in the individual district.

$$**TWADA = WADA_I + TI_I \frac{\frac{TI_I}{WADA_I}}{\frac{TI_S}{WADA_S}} .50,$$

where

20

TI = Title I count

WADA = Average Daily Attendance, weighted 1.25 for high school pupils, and .5 for kindergarten pupils

I = individual district

S = state

$\frac{TI_S}{WADA_S}$ was equal to 19.45%. Title I weighting ranged from zero in districts without Title I eligibles to .675 in districts where concentration was about 25% or more.

THE ALTERNATE METHOD AS OF 1980

For districts whose wealth as measured by equalized assessed valuation per WADA was equal to or greater than 87% of the state guaranteed equalized assessed valuation per WADA pupil.

$$G = .13(FL) \times \frac{.87 \left(\frac{AV_S}{WADA_S} \right)}{\frac{AV_I}{WADA}}$$

where FL was the foundation level of \$1,464.44.

THE FLAT GRANT METHOD AS OF 1980

Insured that no district would receive less than 7% of the foundation level for each weighted pupil.

$$G = .7(FL) \times TWADA$$

HB 3114, the 1980 amendments, continued to provide that a district would not be entitled to more than a 35 percent increase over the prior year's entitlement.

APPENDIX C

THE ILLINOIS STRAYER-HAIG SYSTEM IN EXISTENCE UP TO 1980

I. $G = \text{Strayer-Haig TWADA} \times F - (T \times AV),$ where

G was the state grant

F was the foundation level, \$520

T was the qualifying operating tax rate:

\$1.08/\$100 for unit districts

.90/ 100 for dual districts with less than 100 WADA

.84/ 100 for dual districts with 100 or more WADA

AV was the district assessed valuation

THE ALTERNATE METHOD IN EXISTENCE UP TO 1980

II. $G = (X + AV/\text{Strayer-Haig TWADA}) \times \$120 \times \text{Strayer-Haig TWADA},$

where X was \$47,619 for dual districts with 100

or more Strayer-Haig TWADA

\$44,444 for dual districts with less

than 100 Strayer-Haig TWADA

\$37,037 for unit districts

THE FLAT GRANT METHOD IN EXISTENCE UP TO 1980

III. $G = \text{Strayer-Haig TWADA} \times \$48.00$

Strayer-Haig TWADA = (District Title I eligibles x .50) x WADA

Strayer-Haig TWADA = (District Title I eligibles x .50) x WADA

WADA was the average daily attendance weighted:

1.25 pupils in grades 9-12

1.00 pupils in grades 1-8

.50 pupils in kindergarten

APPENDIX D

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- A Arnold, Robert L., G. Alan Hickrod, and Ben C. Hubbard. THE ILLINOIS GENERAL PURPOSE GRANT-IN-AID SYSTEM, 1973-1985. Revised 1986. Price: \$2.00

This description of the school funding options in Illinois is supplemented by the amendments to the 1973 reform for each year from 1976 to present. Preceding this material is an historic outline of the politics and value systems of school finance in Illinois.

- B Hickrod, G. Alan, Ramesh B. Chaudhari, and Benjamin C. Hubbard. THE DECLINE AND FALL OF SCHOOL FINANCE REFORM IN ILLINOIS. A STUDY OF THE POLITICS OF SCHOOL FINANCE: 1973 to 1985. Revised 1986. Price: \$1.00 for postage and handling.

This report evaluates the Illinois general grant-in-aid system over a fourteen-year period of time. Specifically, a concept of "fiscal or wealth neutrality" is used, as well as a notion of "permissible variance." The authors explore factors explaining the movement away from equity goals.

- C Hickrod, G. Alan, and Ramesh B. Chaudhari. A PROPOSED RESOURCE COST MODEL GRANT-IN-AID SYSTEM IN ILLINOIS: EQUITY CONSIDERATIONS AND OTHER OBSERVATIONS. March 1985. Price: \$1.00 for postage and handling.

This study simulates some grant-in-aid distributions under the Resource Cost Model (RCM) as proposed by the Illinois State Board of Education. It concludes that, if fully funded, the RCM would bring the state closer to long-established equity goals. The study also fits the RCM into the network of "reform" legislation being considered by the 1985 session of the Illinois General Assembly.

- D Yong, Richard, and G. Alan Hickrod. PRIVATE SECTOR SUPPORT OF K-12 EDUCATION: A REVIEW OF SELECTED PROGRAMS IN SEVENTEEN STATES AND RECOMMENDATIONS FOR ILLINOIS. April 1985. Price: \$1.00 for postage and handling.

This report reviews selected private sector-public school cooperative programs, focusing on education foundations and partnerships. It also outlines the effects of these programs on schools and businesses, and explores ways of setting up new programs.

- E Johnson, Wayne P., and G. Alan Hickrod. ESTIMATING THE COST OF ADEQUATE K-12 EDUCATIONAL EXPENDITURES IN SELECTED MIDWESTERN STATES: AN ADJUSTED MINER/MCMAHON APPROACH. March 1985. Price: \$1.00 for postage and handling.

In this study, an adequate education is equated to dollars spent per pupil on a national level and then adjusted by numerous factors to compare adequacy levels in six midwestern states. The study is based on the assumption that a correlation exists between dollars spent and the adequacy of educational services provided.

- F Hickrod, G. Alan, David W. Leslie, Ben C. Hubbard, and Ramesh B. Chaudhari. PROPOSAL FOR A VENTURE CAPITAL GRANT: A PROGRAMMATIC APPROACH TO EXCELLENCE IN ILLINOIS PUBLIC SCHOOLS. 1984. Price: \$1.00 to cover postage and handling.

This brief document proposes that the General Assembly consider a new kind of categorical grant which is intended to provide for innovative and developmental activities at the local level. The study proposes that grants for excellence should not be given without regard to the wealth of a district, and the wealth factor that is recommended is income rather than property valuations. The programmatic aspects of the excellence grants could be for teaching projects the benefits of which could be transferred to all teachers.

- G Lee, Boon Yiu, and G. Alan Hickrod. FINANCIAL PROBLEMS OF CENTRAL CITY SCHOOL DISTRICTS IN ILLINOIS: AN ANALYSIS OF CHANGES IN SELECTED FISCAL VARIABLES AND POLICY IMPLICATIONS OF THOSE CHANGES. June 1984. Price: \$4.00.

It has been contended that "resources" are either declining or, more likely, growing at a slower rate in large urban districts than in the average districts in the state. This study examines the changes that have occurred between FY 1972-73 and FY 1981-82, in student enrollment, property and income wealth, local, and state revenues, expenditures, and local effort among Illinois' central city school districts relative to the state's average.

- H Piland, William E., Ned B. Lovell, and Edna Schack. THE STATUS OF COLLECTIVE BARGAINING IN ILLINOIS COMMUNITY COLLEGES, 1983-84. Price: \$4.00.

This is the third of a series of monographs concerned with community college collective bargaining published by the Center. This study compares the status of contract provisions found in 1984 with 1981 contracts. This study makes visible changes over the past three years and establishes bench mark data for future studies which will explore the impact of the Illinois Educational Labor Relations Act.

- I McCarthy, John R., Edward Hines, and Ernie Cronan. STATE SUPPORT OF HIGHER EDUCATION: CURRENT AND CONSTANT DOLLAR APPROPRIATIONS VIEWED IN RELATION TO PERSONAL INCOME AND PER CAPITA INCOME. June 1983. Price: \$4.00.

In this publication, support for higher education is investigated by ranking the states on the basis of higher education appropriations per student and on the basis of fiscal effort for higher education. Fiscal effort for higher education is computed in terms of percentage increases in income per student between the years 1970 and 1980.

- J Lovell, Ned B., William E. Piland, and Edna F. Bazik. ILLINOIS COMMUNITY COLLEGE GRIEVANCE PROCEDURE ANALYZER. July 1983. Price: \$4.00.

This is the second of a series of monographs concerned with community college collective bargaining. This monograph analyzes Illinois community college grievance procedures. The Grievance Procedure Analyzer (GPA) developed by the authors and a questionnaire were utilized to probe the issues and problems associated with grievance administration. Study questions were: (1) What is the quantity and nature of grievance issues? (2) What is the impact of arbitration on college governance? (3) What problems are commonly associated with faculty grievance administration? and (4) What trends appear to be emerging in faculty grievance administration?

- K Lynn, Mary Ann, Ron Shade, and G. Alan Hickrod. A PILOT STUDY TO EXPLORE THE EQUITY ISSUES AND PROBLEMS IN VOCATIONAL EDUCATION IN ILLINOIS. March 1983. Price: \$4.00.

This study was designed to explore further the equity issues and problems in vocational education. Specifically, the research was designed to address the equity issue as it related to wealth and/or size of district. The major problems of the discussion were: the diverse nature of vocational programs in Illinois school districts, the painstaking care that would need to occur in the data collection process, and the costs of vocational facilities and equipment.

- L Hinrichs, William L., Ramesh B. Chaudhari, G. Alan Hickrod, and Benjamin C. Hubbard. THE EFFECT OF CONSOLIDATION OF ELEMENTARY AND SECONDARY DISTRICTS INTO UNIT DISTRICTS IN ILLINOIS UPON EQUITY GOALS IN THAT STATE. March 1983. Price: \$4.00.

In this study, all elementary districts are merged into the overlying secondary districts, and the state is treated as if it were composed entirely of unit districts. All the relevant fiscal variables necessary for the equity tests were computed, and equity indexes established for a time series in the 1970s. Conclusions which are evident from the analysis and policy implication have been offered.

- M Hickrod, G. Alan, Ramesh B. Chaudhari, Ben C. Hubbard, and Boon Y. Lee. TOWARD THE RESTORATION OF EQUITY IN ILLINOIS K-12 FINANCE. 1982. Price: \$5.00.

This study investigates the reasons for the deterioration of equity goals in Illinois K-12 finance. A projection is made of what the equity situation will be in future years if no major changes are made by the General Assembly. Suggestions are made for new legislative changes, including the introduction of an income factor in the grant-in-aid formula, which would improve the equity situation in the State.

- N Hines, Edward, John McCarthy, and Ernie Cronan. STATE SUPPORT OF HIGHER EDUCATION: APPROPRIATIONS VIEWED IN RELATION TO PERSONAL INCOME. 1982. Price: \$4.00.

State tax appropriations for higher education were examined in relation to aggregate state personal income for 1970-71 and 1980-81. States were identified according to regional and national rankings on appropriations and personal income. Patterns, similarities, and differences within and between regions were analyzed.

- O Hickrod, G. Alan, Ben C. Hubbard, and J. Dan Hou. A PROPOSAL FOR THE DISTRIBUTION OF FEDERAL BLOCK GRANT FUNDS IN ILLINOIS. 1982. Price: \$4.00.

It is proposed that federal block grants to Illinois be distributed to school districts according to four characteristics of those districts. The system is based upon the relative power of these four factors to predict operating expenditures per pupil. The strengths and weaknesses of the proposed distribution method are outlined.

P Pohlman, Vernon C., and Ramesh B. Chaudhari. SCHOOL DISTRICT-CENSUS GEO-REFERENCE FILE FOR ILLINOIS FOR 1980. 1981. Price: \$1.00.

In order to access the wealth of information in the census by school districts, it is necessary to prepare a geo-reference file in which each enumeration district or block group is matched with the appropriate school district or districts. To explain the purposes, procedures, limitations, and results of this process for Illinois for 1980 is the subject of this paper.

Q Price, Samuel T., Ramesh B. Chaudhari, and G. Alan Hickrod. SPECIAL EDUCATION REVENUE TRACKING PROJECT; PROGRAM COST DIFFERENTIALS; AND CONCENTRATIONS OF HANDICAPPED STUDENTS. 1981. Price: \$5.00.

The project tracks special education reimbursement and federal special education expenditures from their respective sources to the district of residence of the handicapped student who receives the benefits of the funds.

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